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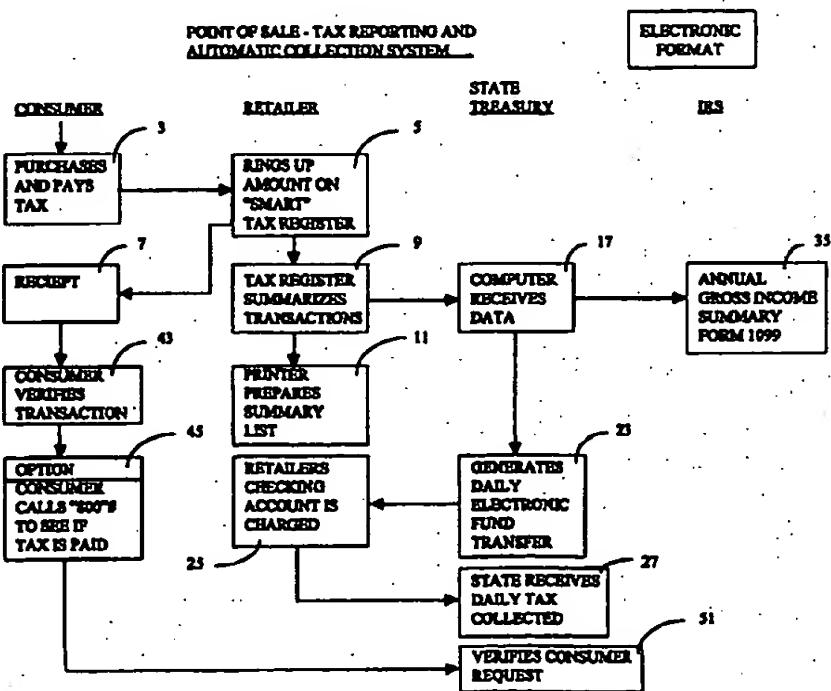
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(54) Title: POINT OF SALE TAX REPORTING AND AUTOMATIC COLLECTION SYSTEM WITH TAX REGISTER

(57) Abstract

A point of sale tax reporting and automatic collection system including a smart tax register located at a retailer location. The retailer smart register processes consumer transactions and calculates the amount of sales tax due to the retailer by the consumer for each transaction. Following the transaction, the consumer requests and is given a tax paid receipt. After the sales tax is paid to the retailer by the consumer, the register either immediately or periodically forwards the amount of the transaction and the amount of sales tax collected by the retailer to a computer and memory located at a remote location (e.g. state government taxing authority). The computer and memory receive and store the retailer's transaction and sales tax information, and report same to the Internal Revenue Service at least once a year. After receiving the retailer's sales tax information, the computer accesses and debits an account belonging to the retailer, the amount debited corresponding to the amount of sales tax collected by the retailer. In sum, the system automatically reports all retailer transactions and sales tax collected by retailers from consumers to local and federal government authorities and then automatically collects the sales tax amounts from retailer accounts so as to prevent retailers from turning over the collected sales tax. A tax paid receipt is given to each consumer as evidence that the tax paid will be turned over to the proper authorities.



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POINT OF SALE TAX REPORTING
AND AUTOMATIC COLLECTION SYSTEM
WITH TAX REGISTER

This invention relates to a system for automatically forwarding retail sales transaction information and corresponding sales tax data from individual retailers to a centrally located remote location such as a government taxing authority using a tax register. More particularly, this invention relates to a system and method for ensuring that substantially all retail transactions upon which sales tax is collected are reported to and collected sales tax is paid over to government authorities for subsequent annual tabulation and submission to the IRS, the system and method utilizing a tax register disposed at each retail location and central computers and memories disposed at state and federal offices.

BACKGROUND OF THE INVENTION

The tax laws in the United States are set up so as to require retailers throughout the country to report all transactions made with consumers. For example, each time an appliance retailer sells a refrigerator or television to a consumer, the retailer is required to report the transaction and the amount of sales tax collected to state and/or federal government authorities for tax purposes. Unfortunately, many retailers (e.g. appliance stores, restaurants, furniture stores, automobile dealers, tour services, computer venders, etc.) do not report each and every cash transaction made with consumers to the state and/or federal governments, either intentionally or unintentionally. By not reporting all (e.g. cash) transactions, retailers avoid declaring their actual total gross income in their federal and state income tax returns thus putting themselves in a position

to keep the sales tax collected from consumers on such transactions for their own enrichment.

Most states throughout the United States have legislated a percentage based sales tax on retail goods sold to consumers. Sales tax rates and the items taxed vary from state to state. In most states, a Certificate of Authority is issued by the state government to retail establishments, this certificate authorizing retailers to collect sales tax from public consumers and then, in turn, pay over all collected sales tax proceeds to the state treasury. When cash transactions occur or inadequate records are kept, retailers sometimes fail to report the transactions and do not turn over the sales tax collected thereon. This, of course, adds up to a significant loss for state and federal treasuries as more and more retailers accidentally forget or neglect to report transactions and turn over the resulting collected sales tax.

Currently, most individual states employ numerous auditors whose job it is to monitor and enforce proper reporting of sales tax transactions and the corresponding turning over of sales tax collected by retailers to the state treasury. Such auditors travel from retailer to retailer thereby visiting numerous retailer establishments at which the auditors "check the books and records" of the retailers for error (intentional or unintentional). In the event that an unreported cash transaction occurs or the paperwork is unavailable, the unreported transaction is undetectable and the auditor is at a loss to enforce the particular tax laws at issue.

Currently, tax laws and retailers are set up so that retailers typically charge the required sales tax in most consumer transactions. Generally, retailers are collection agents for the government who collect, hold, and use for extended periods of time collected tax money.

which belongs to the government. However, consumers and state taxing authorities have no way to verify that all transactions made by the retailer and sales tax dollars collected thereon are reported to the state treasuries.

5 In other words, retailers are currently on an "honor system" requiring them to report all retail sales to the proper authorities and pay over the corresponding sales tax amounts collected thereon. Unfortunately, as with all "honor systems", the reporting of some transactions goes unreported, either intentionally or unintentionally, thereby resulting in both retailer unjust enrichment and tax law unenforability. The consumer has no way of knowing if the collected sales tax is being turned over to the appropriate authorities.

10 15 It is apparent from the above that there exists a need in the art for a system and corresponding equipment and method to be implemented which increases the percentage of retailer transactions and collected sales tax forwarded to state and federal government agencies.

20 25 By ensuring that a larger percentage of retail transactions are reported to taxing authorities and that a greater amount of the overall sales tax collected by retailers is paid over to state treasuries, local and federal economies can be more efficiently run and a lesser number of violators will slip through the cracks. It is also desireable that such a system and method have the flexibility for adaptation to other types of taxing of goods and services such as, but not limited to, a potential value added tax system.

30 35 U.S. Patent No. 5,335,169 discloses a system for tracking multiple rate assessments on transactions. The '169 patent discloses a computerized system for tracking multiple rate assessments on transactions with customers of a user of the system and includes a computer having a processing unit, memory storage, input, display, and

other programmable devices. The object of the '169 patent is to implement a system capable of automatically tracking appropriate sales tax rates, sales types, and taxing jurisdictions for the user based upon a limited 5 set of transaction designations. While the system of the '169 patent enables the user to keep track of appropriate sales tax rates, sales types, etc., the system does not act to ensure that all retailer transactions and sales tax collected thereon are reported and forwarded to the 10 appropriate authorities.

U.S. Patent No. 5,138,549 discloses an automated tax deposit processing system for automatic processing of payroll, corporate profit, and excise taxes. A depositor, via a computer link, engages in a question and 15 answer exchange with one of a multiple number of voice synthesizers connected to a processor, in accordance with the '549 patent. Through the exchange, the depositor enters tax deposit information which the processor stores in its memory. At the end of a particular time period, 20 the processor stores tax deposit information relating to tax deposits due the same day on a storage medium in format(s) predefined by the government agency. The processor also stores tax deposit information entered during the specified time period on a second storage 25 medium so as to enable a bank to automatically transfer tax deposits from each depositor's account to a bank account. The system of the '549 patent also includes remote communication terminals connected by links to the processor through which information on depositors and tax 30 deposit due dates is entered. While the system of the '549 patent decreases lobby traffic in banks and personnel time involved in accepting and processing tax deposits, it does not function as does the instant system and method to automatically ensure that substantially all 35 retail transactions and sales tax collected thereon are

automatically reported and forwarded to the appropriate state and/or federal authorities.

U.S. Patent No. 4,144,567 discloses an electronic register which enables tax-calculating data to be stored in a memory. In a registration mode, amounts of articles bought by a customer or consumer are stored in the memory of an electronic circuit to calculate a total amount of all articles sold. The total amount calculated is printed on a receipt and a journal sheet. In a tax set mode, tax data showing the relationship between a taxable amount and a tax assessable thereon is stored in a tax data memory by operation of an entry key and tax key. Tax determined is stored in a buffer register so that after calculation of a tax by the tax calculation circuit, a print instruction is given which impresses the calculated tax stored in the buffer register. Later, the contents of the buffer and those of the sales amount memory are added together and stored in a memory. While the register of the '567 patent discloses a useful register for retailers, it does not act to automatically or ensure that all retail transactions and sale tax collected thereon are reported and forwarded to the appropriate authorities.

It is a purpose of this invention to fulfill the above-described needs, as well as other needs apparent to the skilled artisan from the following detailed description of this invention.

SUMMARY OF THE INVENTION

Generally speaking, this invention fulfills the above-described needs in the art by providing a point of sale tax reporting system comprising:

at least one (but possibly many) tax register located at a retailer location, the at least one tax register for processing consumer sales transaction data

at the retailer location and computing sales tax data to be paid to the retailer by the consumer based on the amount of a sale, the at least one tax register forwarding the transaction data and the sales tax data to 5 a first remote location;

a printer located at the retailer location and in communication with the at least one tax register, the printer for printing consumer receipts, the receipts having listed thereon the computed sales tax paid to the 10 retailer by the consumer;

a first computer and corresponding first memory disposed at the first remote location, the first computer and memory for receiving and storing the forwarded transaction and sales tax data; and

15 a first communication link connecting the tax register at the retail location to the first computer and memory at the first remote location, the first communication link for permitting the register to forward the transaction and sales tax data to the first computer and memory whereby the transaction and sales tax data from the retailer is stored at the first remote location in order to help enforce tax laws and prevent retailers from avoiding the payment to the government of collected 20 sales tax.

25 In certain further preferred embodiments of this invention, the first computer periodically accesses and debits an account of the retailer, the amount debited corresponding to the amount of sales tax paid to the retailer by consumers, the system thereby automatically debiting the retailer's account in accordance with the 30 sales tax data computed and forwarded to the first computer by the register.

This invention further fulfills the above-described needs in the art by providing a method of automatically

reporting sales tax paid by consumers to a retailer, the method comprising the steps of:

the consumer purchasing a good or service from the retailer;

5 a retailer register calculating the base sales cost and the corresponding sales tax owed the retailer by the consumer;

the retailer collecting the calculated sales tax from the consumer;

10 the register printing a consumer receipt using a printer, the consumer receipt having listed thereon the amount of sales tax paid to the retailer by the consumer;

the register forwarding as sales tax data the amount of sales tax paid to the retailer by the consumer to a

15 first computer located at a first remote location;

the first computer receiving and storing the sales tax data in a first memory at the first remote location; and

repeating the above steps so that the first memory
20 is periodically updated with sales tax data from the retailer whereby the amount of sales tax paid to the retailer by consumers is stored and summed by the computer at the first remote location.

In certain further preferred embodiments of this
25 invention, the above method further comprises the step of the first computer automatically debiting a retailer account an amount corresponding to the sales tax data forwarded by the register whereby the sales tax paid to the retailer by the consumer is automatically collected
30 from the retailer's account by the first computer.

This invention further fulfills the above-described needs in the art by providing a method of reporting and collecting sales tax paid to retailers by consumers, the method comprising the steps of:

a retailer pre-paying a government office a predetermined amount of sales tax to be collected from consumers, the amount of sales tax not yet having been collected by the retailer;

5 the government office crediting a declining register an amount corresponding to the amount prepaid by the retailer; and

10 the retailer using the credited declining register to print a consumer receipt for each retailer-consumer transaction upon which sales tax is paid, the consumer receipts having printed thereon the amounts of sales tax collected by the retailer from the consumer.

15 For retail operations such as restaurants where tips are customary, the tax register may be programmed to accept and report tip information.

This invention will now be described with reference to certain embodiments thereof as illustrated in the following drawings.

IN THE DRAWINGS

20 Figure 1 is a block diagram flow chart of an electronic point of sale tax reporting and automatic collection system according to a first embodiment of this invention.

25 Figure 2 illustrates a consumer receipt to be printed from a retailer register according the first embodiment of this invention.

Figure 3(a) is a block diagram of components of the system according to the first embodiment of this invention set forth in Figures 1-2.

30 Figure 3(b) is a flow chart illustrating a way in which the retailer register of the first embodiment may process and forward retailer transactions and collected sales tax data to a government office.

Figure 4 is a block diagram flow chart of a manual point of sale tax reporting and collection system according to a second embodiment of this invention, this second embodiment utilizing a declining register to be used by the retailer in order to ensure efficient sales tax collection by government authorities.

Figure 5 is a flow chart according to the Figure 4 embodiment to this invention, this Figure illustrating the manner in which the declining register operates in order to print consumer receipts indicating the amount of sales tax collected by the retailer from the consumer.

DETAILED DESCRIPTION OF
CERTAIN EMBODIMENTS OF THIS INVENTION

Referring now more particularly to the accompanying drawings in which like reference numerals indicate like parts and steps throughout the several views.

Figure 1 is a block diagram/flow chart of an electronic point of sale tax reporting and automatic collection system according to a first embodiment of this invention. The system and method as set forth in Figures 1-3 begins at retailer location 10 with the consumer at step 3 where the consumer purchases an item (good or service) from the retailer and pays the appropriate sales tax due on the transaction. When the consumer brings an item to be purchased to retailer check-out register 8, the retailer rings up the sale amount in step 5 by way of the register. Register 8 in step 5 calculates the total sale amount including the cost of the good or service being purchased and the sales tax due on the transaction. The retailer informs the consumer of the total cost of the transaction and the consumer subsequently pays both the sales price and the sales tax due to the retailer. After the retailer is paid, the retailer issues receipt 6 (see Figure 2) to the consumer in step 7. Consumers are educated regarding the importance of asking for receipt 6

so as to ensure that the retailer documents and reports the collected sales tax.

Register 8, which may be a combination conventional programmable electronic cash register and tax register, or alternatively a conventional electronic cash register connected to a separate and independent programmable electronic tax register, processes and summarizes each transaction in step 9. In summarizing each transaction, register 8 processes the total amount of money received by the retailer from the consumer, this including the sales tax collected and the base transaction amount. Periodically, at the end of each day for example, register 8 causes a printer to output a summary list of all transactions in step 11, this list including a summed total of sales tax collected by the retailer as well as a sum total of base transaction money received from consumers by the retailer.

For example, register 8 may be a tax-modified (via chip, hardware, and/or software technology) Omron Vantage 7000 PC-based point-of-sale system which is a turnkey hardware solution built around an upgradeable 486SX 25 MHz processor. The system has a POS keyboard with integrated credit card reader and bar code decoder, receipt printer, VGA monitor, and cash drawer. The software may be modified to perform the tax and retail tasks set forth herein.

Retailer register 8 is in communication with computer 13 which is disposed at remote location 12 as set forth in Figure 3(a). Any type of conventional communication link (e.g. satellite, phone line, T1, microwave, fiber optic, etc.) may be disposed between register 8 and computer 13. Computer 13 may, for example, be located at a state treasury office or other state government taxing authority. Register 8 forwards the amount of sales tax collected by the retailer to

computer 13. Register 8 may either forward such sales tax data to computer 13 at the end of or during each transaction, or alternatively it may sum sales tax collected and base transaction amounts collected and 5 store them in memory 15 and then periodically (e.g. at the end of each day) output the summed totals to computer 13 in accordance with its programmed instructions.

Computer 13 receives the forwarded sales tax data and optionally the base transaction data from retailer 10 register 8 in step 17 and stores this information in memory 19, memory 19 preferably being located at the same remote location 12 as computer 13. After computer 13 receives and stores the tax and transaction data, it accesses retailer bank account 21 in steps 23 and 25 for 15 the purpose of debiting account 21 an amount equal to the sales tax collected by the retailer from consumers (e.g. debit the amount collected the previous day). Computer 13 may access retailer bank account 21 periodically (e.g. on a daily basis), or alternatively after or during each 20 sales transaction recorded and/or processed by register 8, this, of course, depending upon whether register 8 is forwarding the transaction and sales tax data to computer 13 in a periodic or immediate real time manner.

For retail operations where tips are customary the 25 tax register 8 may be programmed to accept and report tip information to location 12. Accordingly, collected tip money is automatically reported to the taxing authorities.

After computer 13 accesses retailer bank account 21 30 in step 23, the account is charged in step 25 an amount corresponding to the retailer tax data received from register 8 by computer 13 and stored in memory 19. By accessing a bank or checking account of the retailer, the remote location 12 (e.g. state taxing authority) 35 automatically receives from retailer account 25 in step

27 the amount of sales tax collected by the retailer thereby preventing the retailer from unintentionally not turning over the collected tax to the appropriate authorities. Retail register 8 thus is caused to
5 automatically report all sales transactions and sales tax collected by the retailer to computer 13 and memory 19. When remote location 12 receives such transaction and sales tax data, it accesses retailer bank account 21 and causes the account to be debited an amount corresponding
10 to the sales tax collected by the retailer. Conventional electronic fund transfer techniques may be utilized to debit retailer account 21.

Computer 13 is also in communication with CPU 31 via any type of conventional communication link. CPU 31 is
15 preferably located at another remote location 33, which is representative of the Internal Revenue Service (IRS) according to certain embodiments of this invention. Computer 13 summarizes and forwards all annual transaction data, and optionally sales tax data, to CPU
20 31 so that the IRS receives such information in step 35. Accordingly, the IRS is informed (via Form 1099) of the retailer's annual total gross income thereby ensuring that the retailer efficiently and automatically declares all transactions for tax purposes. CPU 31 is in
25 communication with memory 37 so that consumer transaction and sales tax data can be stored at the IRS in memory 37 for later access. It is noted that local area networks (LANs) may be provided at locations 10, 12, and 33 thereby allowing the system to efficiently and quickly function via conventional computer communication techniques.

Conventional electronic data interchange (EDI) technology or network centric computing may be used for the purpose of allowing register 8 to communicate with computer 13. Network centric computing allows the taxing
35

authorities to record and collect the tax electronically. EDI is a known means of electronically exchanging information in a standard format from one computer to another. EDI is easily implemented in mainframe, 5 minicomputer, PC, and LAN environments. Using EDI, documents and/or other data are transferred from the sender's computer mailbox to that of the recipient, such documents or information (e.g. transaction data, sales tax data, etc.) being either sent directly or through a 10 value-added network (VAN). Value-added networks are typically third party provisions offering fee-based services such as connections and protocol (e.g. TCP/IP) conversions, such networks routing each transaction to the appropriate electronic mailbox where the information 15 stays until the other party downloads. Thus, EDI may be used as a way in which it allows register 8 to forward all of its transaction and sales tax data to computer 13 located at the remote site 12. As will be recognized by those of skill in the art, EDI may also be utilized 20 between computer 13 and CPU 31 so as to simplify and efficiently manage the communication networks according to the different embodiments of this invention.

An optional feature of this embodiment is the provision of verifying computer 41 at location 12 for the 25 purpose of allowing consumers and/or other interested parties to verify that particular retailer transaction(s) were reported to locations 12 and 33 (e.g. state taxing authority and IRS respectively). For example, a consumer may verify in step 43 that his or her transaction was 30 reported by the retailer to the appropriate authorities by calling an 800 number in step 45. The 800 number provides the consumer access to verifying computer 41 by way of telephone line 49 so that via conventional DTMF coding technology the consumer can request verification

in step 51 that a particular transaction(s) has, in fact, been reported.

Figure 2 illustrates an exemplary receipt 6 which may be provided to the consumer from the retailer in step 5 7, receipt 6 being printed by retailer printer 59. As shown, customer or consumer receipt 6 has listed thereon the base sale amount 53, the amount of sales tax collected on the base transaction 55, and optionally a transaction number 57. Although not shown, the total 10 transaction cost may also be printed on the receipt, with the base transaction amount 53 and the sales tax collected 55 being summed together by register 8 to come up with the total amount of the transaction. Optionally listed on the receipt is a telephone number which allows 15 consumers to access verifying computer 41 in order to confirm that particular transactions (identified by transaction number 57) have been reported to the appropriate authorities as set forth above.

Retailer location 10, as illustrated in Figure 3(a), 20 includes retailer register 8, memory 15, printer 59, credit card scanner 61, and optionally computer 63. Retail register 8, made up of one or more registers, is connected to printer 59, with the printer either being integrally formed with the register or remotely located 25 therefrom at the retailer location. Printer 59 operates to print consumer receipt 6 in step 7 as well as to output summary lists of transaction and sales tax amounts for the retailer in step 11.

Conventional memory 15 is provided so that retailer 30 register 8 can store and optionally sum base transaction amounts 53, collected sales tax amounts 55, and total sale amounts (including the base transaction amount added to the receipt sales tax amount). Such transaction and sales tax data stored in memory 15 can then be

periodically accessed by register 8 and forwarded to computer 13.

Conventional credit card scanner 61, which is either integrally formed with register 8 or separate and independent with respect thereto, is provided so as to allow consumers to pay the retailer at location 10 by way of credit or debit card in a known manner. Scanner 61 is in communication with credit card verifying source(s) 63 via conventional telephone line(s) so that scanner 61 may check input credit card numbers to ensure their validity. The "or" block 65 illustrated in Figure 3(a) is provided so as to illustrate the fact that if credit card scanner 61 is separate and independent from register 8, then scanner 61 is directly in communication with credit card verifying source 63, but when scanner 61 and register 8 are integrally formed as one unit the register (and scanner) is in communication with the verifying source 63.

Another optional feature according to this embodiment is the provision of computer 63 at retailer location 10. Depending upon the programmability of register 8, it may be necessary for a retailer to be provided with computer 63 for the purpose of processing base transaction costs, total costs, sales tax data, and/or storing and forwarding same to computer 13.

Although not illustrated, another option to this embodiment is the provision of a plurality of mainframe computers disposed throughout a state for example, such mainframes being connected between computer 13 and the numerous retailers 10 spread throughout the state. Each mainframe when provided is responsible for gathering tax data and consumer transaction data from retailers, sorting the information and forwarding same to computer 13 at location 12. In such a manner, the burden placed upon computer 13 with respect to receiving, sorting, and

storing transaction and tax data would be lessened with the mainframes taking on much of this burden.

Figure 3(b) is a flow chart illustrating steps taken by register 8 and computer 13. When a consumer purchases an item from a retailer, the sales transaction data is processed in step 67 and the sales tax calculated by register 8 in 69. After payment is received by the retailer from the consumer and receipt 6 is printed in step 71, the transaction amount (absent sales tax) and the sales tax paid on the transaction are each forwarded by register 8 to computer 13 in step 73, register 8 having PC capabilities according to certain embodiments.

After computer 13 receives the transaction amount data and sales tax data in step 73, computer 13 accesses the memory slot within memory 19 designated for the particular retailer identified. Computer 13 then causes the transaction and sales tax data to be summed with like data stored in that slot in step 75 so as to keep a running tabulation on the amount of sales tax and transaction fees collected by that particular retailer.

Figures 4-5 are block diagram/flow charts of a manual point of sale tax reporting and automatic collection system according to a second embodiment of this invention. According to this embodiment, a declining register, similar to a conventional Pitney-Bowes postage stamp meter, is utilized. The process begins in step 77 with the retailer taking its assigned declining register to a government sales tax office or electronic credit machine. At such an office or machine, the retailer pre-pays the state a particular amount of sales tax credit, with the state then in step 79 crediting and stocking the retailer's declining register with the amount pre-paid. Thus, the retailer leaves having prepaid a particular amount of sales tax in step 81, this

amount not yet having been received by the retailer from consumers.

When a transaction occurs and a consumer purchases a particular item upon which sales tax is to be collected,

5 the consumer pays the sales tax in step 83 and thereafter the retailer issues an official tax receipt in step 85. The declining register is used to "stamp" the amount of sales tax collected onto the receipt which is then given to the consumer. When the declining register prints the

10 receipt, its balance declines in step 87 (as with conventional declining postage meters) until finally, after a plurality of consumer purchases and retailer receipts stamps, the register zeros out in step 89. Thereafter, the retailer takes his declining register

15 back to the sales tax office or electronic credit machine and repeats step 77 and those following. Each time a retailer's declining register is credited with a particular pre-paid sales tax amount, the state stores and keeps a summary of all credited receipts and tax

20 credits in step 91. Therefore, both the state and the IRS are provided annually with the total sum of sales tax collected (i.e. credited) by each retailer in step 93.

Figure 5 is a block diagram/flow chart which more particularly illustrates the steps taken by the retailer

25 using the declining register in the Figure 4 embodiment of this invention. At every transaction upon which sales tax is to be paid, the declining register is first keyed for the particular sales tax collected on the base transaction amount in step 95. In accordance with

30 conventional declining register devices, the sales tax amount is deducted from the remaining balance in the machine in step 97. The machine issues a sales tax paid receipt in step 98, this receipt being imprinted with a state owned indicia and indicating the amount of sales

35 tax collected by the retailer from the consumer. Receipt

99, which may or may not also include the total sale amount and/or the base transaction amount, is attached to the consumer's invoice in step 101.

Once given the above disclosure, therefore, various
5 other modifications, features, or improvements will become apparent to the skilled artisan. Such other features, modifications, and improvements are thus considered a part of this invention, the scope of which is to be determined by the following claims.

WE CLAIM:

1. 1. A point of sale tax reporting system comprising:
 2. at least one tax register located at a retailer location, said at least one tax register for processing consumer sales transaction data at the retailer location and computing sales tax data to be paid to the retailer by the consumer based on the amount of a sale, said at least one tax register forwarding said transaction data and said sales tax data to a first remote location;
 9. a printer located at the retailer location and in communication with said at least one tax register, said printer for printing consumer receipts, said receipts having listed thereon the computed sales tax paid to the retailer by the consumer;
 14. a first computer and corresponding first memory disposed at said first remote location, said first computer and memory for receiving and storing said forwarded transaction and sales tax data; and
 18. a first communication link connecting said tax register at said retailer location to said first computer and memory at said first remote location, said first communication link for permitting said tax register to forward said transaction and sales tax data to said first computer and memory whereby said transaction and sales tax data from the retailer is stored at said first remote location in order to help enforce tax laws and prevent retailers from avoiding the payment to the government of collected sales tax.

1 2. The system of claim 1, wherein said first
2 computer periodically accesses and debits an account of
3 said retailer, the amount debited corresponding to the
4 amount of sales tax paid to the retailer by consumers,
5 the system thereby automatically debiting the retailer's
6 account in accordance with said sales tax data computed
7 and forwarded to said first computer by said register.

1 3. The system of claim 2, further comprising a
2 second communication link disposed between said first
3 computer and said retailer's account, said second
4 communication link allowing said first computer at said
5 first remote location to access and debit said retailer's
6 account an amount in accordance with the sales tax paid
7 to the retailer by consumers.

1 4. The system of claim 3, wherein said first and
2 second communication links are one of: (i) satellite
3 channels; (ii) fiber optic cables; (iii) telephone
4 lines; (iv) RF channels; and (v) microwave channels.

1 5. The system of claim 3, further comprising:
2 a second computer and second memory located at a
3 second remote location, said second remote location being
4 remote from said first remote location and said retailer
5 location;

6 a third communication link disposed between said
7 first and second remote locations and connecting said
8 first computer to said second computer; and
9 wherein said first computer forwards said
10 transaction and sales tax data to said second computer so
11 that said second computer and memory receive and store
12 said computed retailer tax data at said second remote
13 location.

1 6. The system of claim 5, further comprising a
2 verifying computer with a telephone line connected
3 thereto, said verifying and first computers being in
4 communication with one another, said verifying computer
5 and corresponding telephone line allowing consumers to
6 call said verifying computer via telephone in order to
7 verify that sales tax paid to the retailer by the
8 consumer has been reported by the retailer and stored in
9 said first memory.

1 7. The system of claim 5, wherein said first remote
2 location is a state government office and said second
3 remote location is a Federal Internal Revenue Office.

1 8. The system of claim 3, further comprising a
2 credit card terminal at said retailer location, said
3 credit card terminal being in communication with said at
4 least one register and for permitting the retailer to
5 input consumer credit card data into the system thus
6 allowing consumers to purchase goods or services via
7 credit card.

1 9. The system of claim 8, wherein said at least one
2 register is a single register for processing said
3 consumer sales transactions and computing said sales tax
4 data therefrom, said printer being an integral part of
5 said register.

1 10. A method of automatically reporting sales tax
2 paid by consumers to a retailer, the method comprising
3 the steps of:
4 the consumer purchasing a good or service from said
5 retailer;

6 at least one retailer register calculating the base
7 sales cost and the corresponding sales tax owed the
8 retailer by the consumer;

9 the retailer collecting the calculated sales tax
10 from the consumer;

11 The register printing a consumer receipt using a
12 printer, said consumer receipt having listed thereon the
13 amount of sales tax paid to the retailer by the consumer;

14 the register forwarding as sales tax data the amount
15 of sales tax paid to the retailer by the consumer to a
16 first computer located at a first remote location;

17 said first computer receiving and storing said
18 sales tax data in a first memory at said first remote
19 location; and

20 repeating the above steps so that said first memory
21 is periodically updated with sales tax data from the
22 retailer whereby the amount of sales tax paid to the
23 retailer by consumers is stored and summed by said
24 computer at said first remote location.

1 11. The method of claim 10, further comprising the
2 steps of storing said sales tax information in said
3 register via a second memory and continually updating the
4 sales tax information stored in said second memory each
5 time a consumer pays the retailer sales tax, and
6 periodically forwarding the sales tax information stored
7 in said second memory to said first computer and first
8 memory for storage at said first remote location.

1 12. The method of claim 11, further comprising the
2 step of said first computer automatically debiting a
3 retailer account an amount corresponding to the sales tax
4 data forwarded by the register whereby the sales tax paid
5 to the retailer by the consumer is automatically
6 collected from the retailer's account by said first
7 computer.

1 13. The method of claim 12, further comprising the
2 step of said first computer forwarding said sales tax
3 data to a second computer located at a second remote
4 location, said second computer receiving and storing said
5 sales tax data at said second remote location.

1 14. The method of claim 10, further comprising the
2 steps of:

3 said regular computing and forward sales
4 transaction data to said first computer and memory so
5 that all retail sales transactions upon which sales tax
6 is collected are forwarded to said first computer and
7 stored in said first memory.

1 15. A method of reporting and collecting sales tax
2 paid to retailers by consumers, the method comprising the
3 steps of:

4 a retailer pre-paying a government office a
5 predetermined amount of sales tax to be collected from
6 consumers, said amount of sales tax not yet having been
7 collected by the retailer;

8 the government office crediting a declining register
9 an amount corresponding to the amount pre-paid by the
10 retailer; and

11 the retailer using the credited declining register
12 to print a consumer receipt for each retailer-consumer
13 transaction upon which sales tax is paid, said consumer

14 receipts having printed thereon the amounts of sales tax
15 collected by the retailer from the consumer.

1 16. The method of claim 15, further comprising the
2 step of said government office storing the amount pre-
3 paid by the retailer in a memory and summing said pre-
4 paid amounts, and reporting said pre-paid amounts to the
5 Internal Revenue Service.

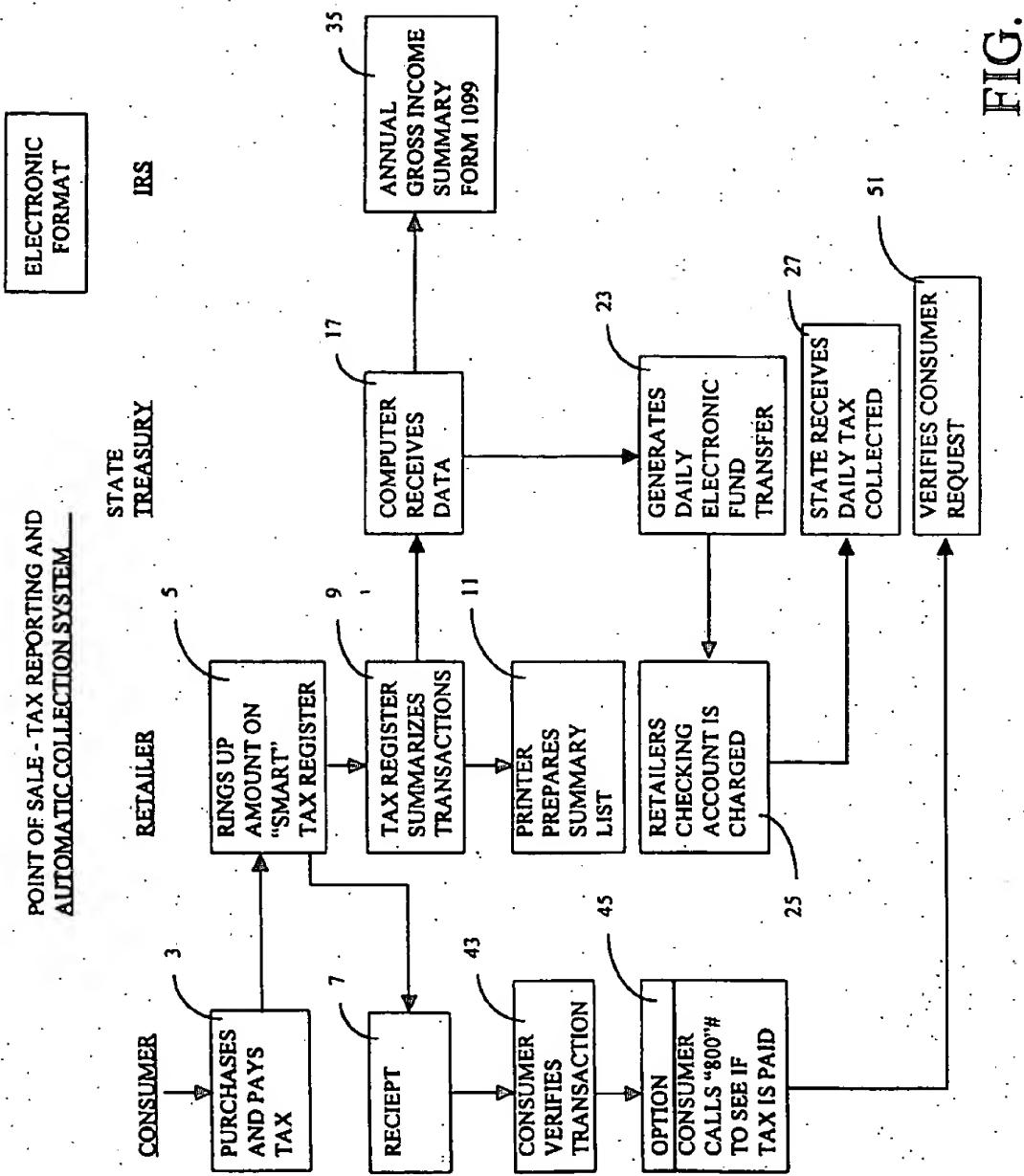
1 17. A retailer tax register for automatically
2 reporting collected sales tax data, the tax register
3 comprising:

4 means for processing retail transactions and
5 recording the amount of sales tax collected; and

6 means for automatically forwarding collected
7 sales tax data to a remote location in order to help
8 enforce tax laws and prevent retailers from avoiding
9 payment to the government of collected sales tax.

1 18. The tax register of claim 17, further
2 comprising means for printing tax-paid receipts to be
3 handed over to consumers as evidence of payment of sales
4 tax.

1 19. The tax register of claim 17, further
2 comprising means for processing collected tip data and
3 means for reporting said collected tip data to said
4 remote location so that tip money collected is
5 automatically reported to the taxing authorities.



CUSTOMER RECEIPT FROM SMART REGISTER	
RETAILER NAME LOCATION PHONE # SALES TAX ID #	STATE OWNED INDICIA AUTHENTICATES TRANSACTION
AMOUNT OF SALE \$XXXXX	53
TAX COLLECTED \$XXXXX	55
TRANSACTION #XXXXXXX	57
TO VERIFY YOUR TRANSACTION CALL 1-800-9999 (follow menu instructions)	

FIG. 2

SUBSTITUTE SHEET (RULE 26)

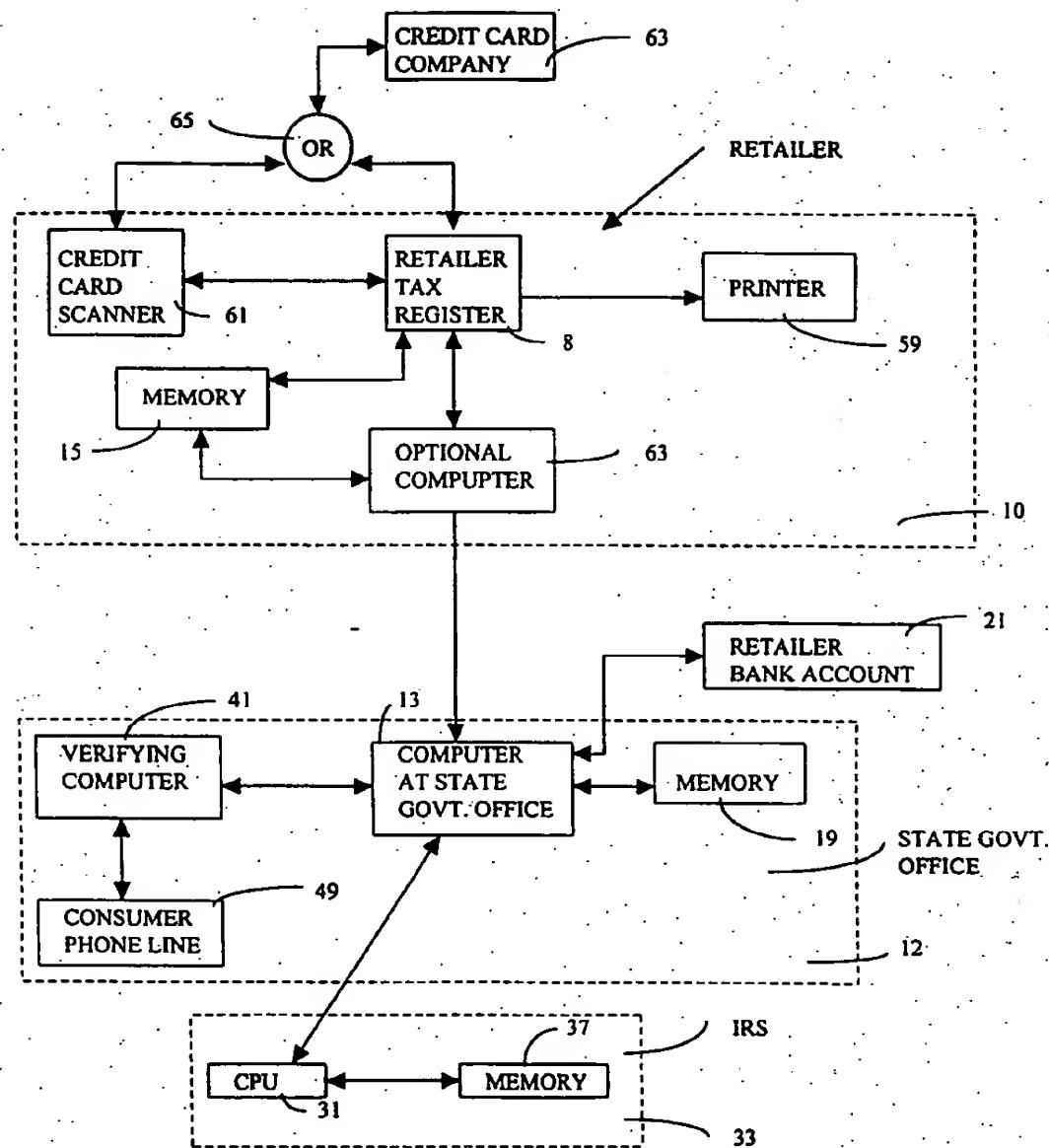


FIG. 3 (a)

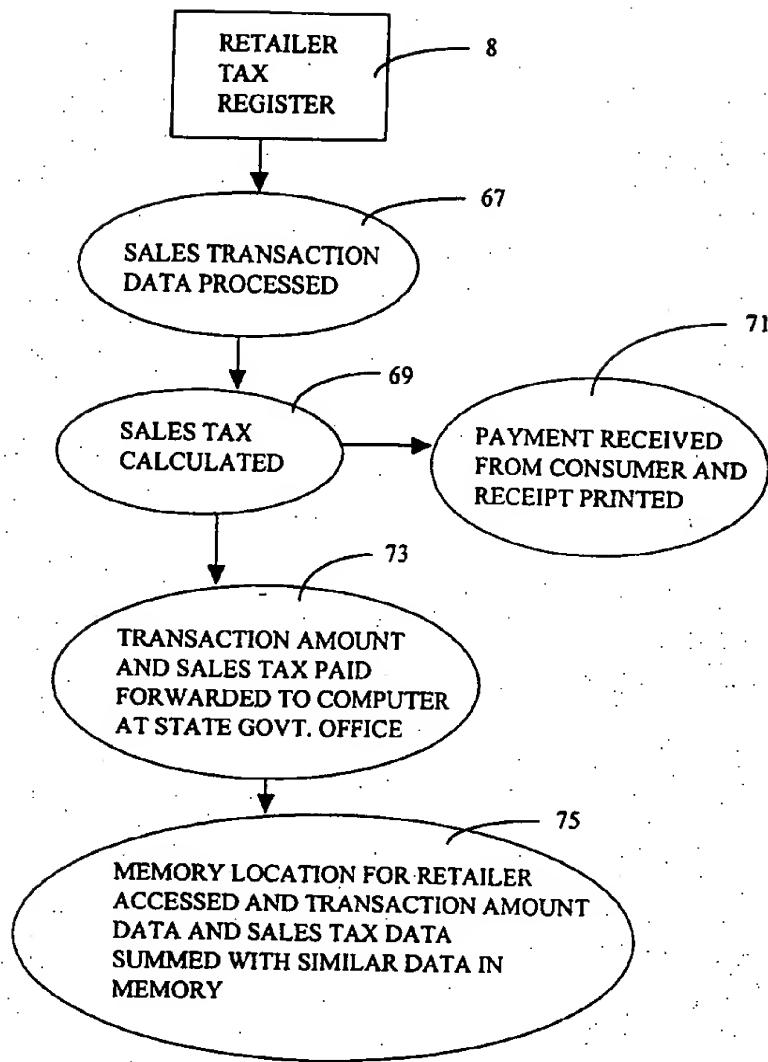


FIG. 3(b)

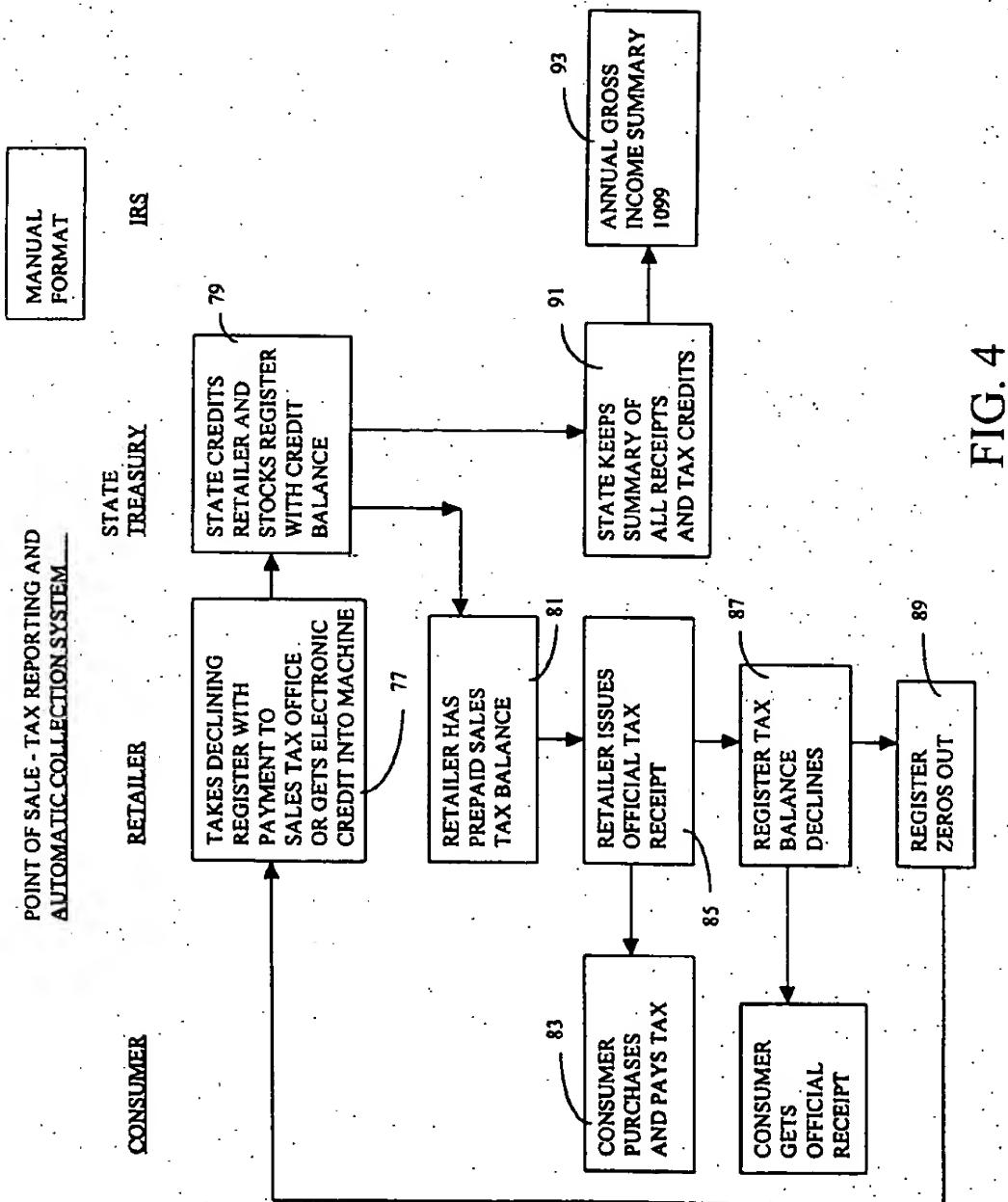


FIG. 4

SUBSTITUTE SHEET (RULE 26)

POINT OF SALE - TAX REPORTING AND
AUTOMATIC COLLECTION SYSTEM

CUSTOMER
RECEIPT FROM
DECLINING
REGISTER

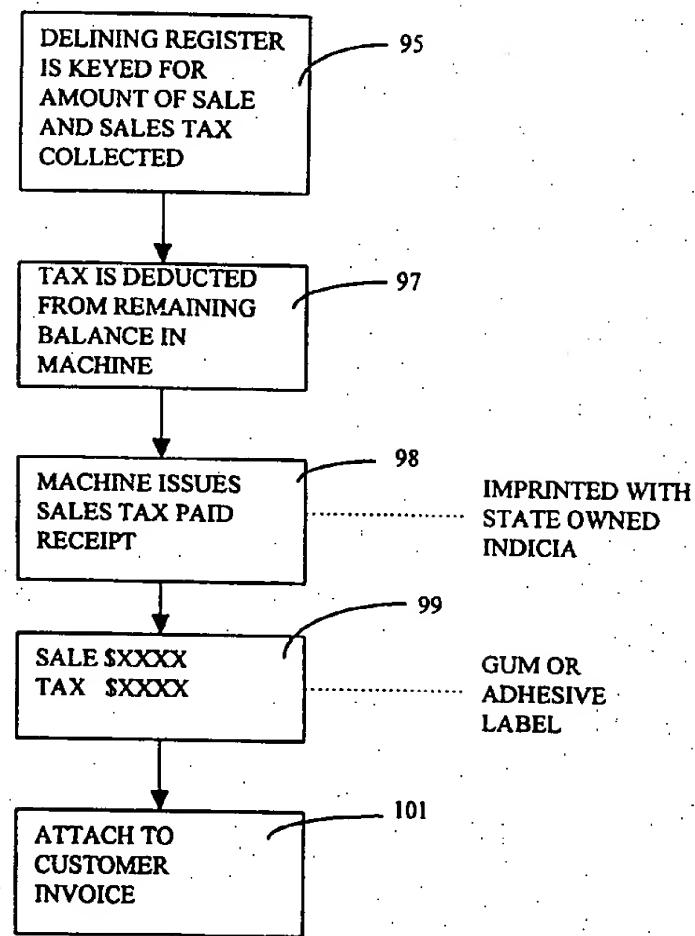


FIG. 5

SUBSTITUTE SHEET (RULE 26)